

**MINUTES**

**MONTANA SENATE  
59th LEGISLATURE - REGULAR SESSION**

**JOINT SELECT COMMITTEE ON EDUCATION FUNDING**

**Call to Order:** By **CHAIRMAN DON RYAN**, on March 16, 2005 at 8:05  
A.M., in Room 102 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Don Ryan, Chairman (D)  
Rep. Bill E. Glaser (R)  
Rep. Holly Raser (D)  
Sen. Bob Story Jr. (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Connie Erickson, Legislative Branch  
Eddy McClure, Legislative Branch  
Lois O'Connor, Committee Secretary  
Jim Standaert, Legislative Branch

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Discussion on Education Funding.

**{Tape: 1; Side: A; Time Counter: 0.2}**

**REP. HOLLY RASER, HD 98**, provided an overview of an updated, draft version of the four components of a classroom unit.

**EXHIBIT(jes58a01)**

**SEN. DON RYAN, SD 10**, said that he would like to discuss the following issues: (1) whether principals be considered part of the classroom or administration component; and (2) what services would have to change as students move through the grade levels to ensure that the classroom and educationally relevant factors were covered.

**SEN. ROBERT STORY, SD 30**, felt that if the system were made too complex, the Legislature would be micro-managing schools. He felt that the Subcommittee should assume that every school would have science, art, and general classes. Then it can figure out an average cost and make the cost flexible enough to move around within the budgets.

**Dave Puyear, MT Rural Education Association (MREA)**, said that there is rationale to consider that a principal be under the teacher/classroom component. Principals are considered, by state law, to be part of the teaching arena. He also requested that food services be removed from the administration component.

**{Tape: 1; Side: A; Time Counter: 6.4}**

**REP. WILLIAM GLASER, HD 44**, suggested renaming the building/facilities component to school component because it would be more logical. Secretaries and principals would fall under both the administration and school components, health insurance and retirement would remain in the school and classroom components, and food services would be shifted to the school component.

**REP. RASER** thought of the building as being the physical structure and the state saying that there are certain things that schools need to physically maintain that structure. The number of personnel will vary according to the number of students. Also, the direction from the March 15, 2005, meeting, was just looking at the teacher providing services to students. What does the teacher need and what does the state have to do to get the teacher in the classroom? Although principals and support services are needed, she felt that the Subcommittee should focus on the teacher.

**{Tape: 1; Side: A; Time Counter: 9.5}**

**SEN. RYAN** looked at principals as being part of the classroom/teacher component rather than a cost of administration because they aid teachers in getting their jobs done.

**SEN. STORY** said that in the end, there will be four education components no matter what they are called. He felt that **REP. GLASER'S** point was that the classroom unit should be exactly what it is, whether it be one or 100. Everything that is needed outside of the classroom to help it operate, such as counselors, librarians, and principals, is support. The classroom will be the largest cost component of education with support services being the second.

*{Tape: 1; Side: A; Time Counter: 14.5}*

**SEN. RYAN** said that when the entitlements are broken down, the state must be able to explain to the public in an understandable way that a school is a building, that there are costs associated with that building, that the classroom has a teacher component connected to it, and that students have varying needs. He asked, if the classroom model is adopted, how is it determined how many FTEs are needed looking at the varying sizes of school districts, grade levels, and class sizes.

*{Tape: 1; Side: A; Time Counter: 16.5}*

**SEN. GLASER** said that the classroom model that he has been working on assumes that not all classrooms are the same size and the numbers in the accreditation standards are the maximum sizes of a class. **REP. RASER** said that the standards would also help decide the number of teachers that each school needs.

**SEN. RYAN** asked what would be considered a classroom expenditure. Following a brief discussion, it was decided that teachers and instructional para-professionals, health insurance and retirement, instructional supplies and equipment, professional development, and an allowance for substitute teachers would be considered classroom expenditures.

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**Jack Copps, MT Quality Education Coalition**, provided an overview of what he considered to be in the classroom unit.

**EXHIBIT**(jes58a02)

*{Tape: 1; Side: B; Time Counter: 4.1}*

**Mr. Svee** provided a spreadsheet showing Wyoming's trendline for the size of a school versus the number of FTE (classroom teachers only). Support teachers, aides, para-professionals, and librarians are not included. **Mr. Svee** said that the trendline shows the power of accreditation standards.

**EXHIBIT(jes58a03)**

***{Tape: 1; Side: B; Time Counter: 9.5}***

**Lance Melton, MT School Boards Association (MTSBA)**, said the Subcommittee may have to assume that teachers have multi-endorsements or fund on the basis of a single endorsement per teacher. If districts are unable to find a teacher with multiple endorsements, particularly in a smaller school, costs increase significantly. Likewise, the costs decrease significantly in relation to the district that has to get one endorsement per teacher. **Mr. Melton** also suggested that the Subcommittee consider developing new classifications that are more stratified than the current Classes 1, 2, and 3, based upon population as a basis of distinguishing how much will be allocated on a teacher/student ratio and to look at the relative size of the counties as a possible additional layer. He felt that the trendline data looked like the "shotgun" spreadsheet that lead to HB 667, which the Court also found to be faulty.

***{Tape: 1; Side: B; Time Counter: 12.1}***

**REP. GLASER** was unclear whether the spreadsheet represented the needs of, or results of, the education system. Resources throughout the state have a tendency to smooth the system if the resources, themselves, are smooth. However, it does not necessarily take care of the needs of children across the board. He asked if the spreadsheet was historical to resources or needs. **Mr. Svee** said that the spreadsheet was both. The need is developed by the standards and the funding determines how closely the schools can follow those standards. The spreadsheet is a mathematical predictor, not the "Holy Grail", nor is it a regression analysis.

***{Tape: 1; Side: B; Time Counter: 16.4}***

**REP. GLASER** said that Montana's examples follow the federal requirement to throw out the top and bottom 5%. He felt that **Mr. Svee's** spreadsheet is restricted by the resource. **Mr. Svee** said, to check the numbers, he looked at actual school schedules, which is the only way to tell the true effect of certification. He found few variations, based on historical patterns in Wyoming,

between rich and poor districts. Required offerings and certification had the impact.

**{Tape: 1; Side: B; Time Counter: 18.7}**

**Mr. Puyear** stressed that if the Subcommittee interpellates Wyoming's trendline to be Montana's, the differences for small schools do not always involve just the accreditation standards. He felt that the Subcommittee would run front and center into the cultural values of Montana's communities and the price that those communities have been willing to pay. He said that many of Montana's small communities, because of their dedication to quality schools, have cut in other areas, such as custodial services. **REP. RASER** said that population density, as suggested by **Mr. Melton**, could be used as the driving factor for cost adjustments to small schools in rural areas.

**{Tape: 1; Side: B; Time Counter: 22.0}**

**REP. GLASER** said that most high schools throughout Montana, regardless of how small, bottom out at eight teachers, with the exception of a few that have five. What is possible in Montana and what is being done in Montana are two different things. The questions are what will be funded by the state and what budget freedom is the state going to give local school districts that will allow them to surpass the basic system that the state is going to fund. **Mr. Melton** said that if the Subcommittee uses Wyoming's model as a basis for funding Montana schools, it should be done on the basis of adequacy versus equity. An adequacy-based model or a successful school--a school that meets the accreditation standards--should be between the 75th to 80th percentile not the median. He added that in terms of the Court's cryptic rule, Montana has to assess educational needs and define quality before it develops a formula that can be rationally based. He questioned whether educational needs have been assessed and, if so, how is the state prepared to defend those needs before the Court.

**{Tape: 1; Side: B; Time Counter: 25.6}**

**Mr. Copps** said that Montana has 220 school districts that are at 98% of their maximum general fund budgets or higher. When that happens, it causes a very compact grouping of districts because they all have the same resource limitations. **Mr. Svee** stressed that Wyoming's model is only one method that could be used. It is only an indicator and not the one that he would recommend be used. Montana can form its descriptors of class size, etc. Then the system predicts the numbers.

**{Tape: 1; Side: B; Time Counter: 27.2}**

**REP. RASER** asked if staff could: (1) plot out what the accreditation standard requirements are for student/teacher ratios and compare it to what is currently happening in Montana, and (2) define the components of what the system is. Then the Subcommittee and stakeholders can talk about how it will be funded. She felt it smart to choose an organizational structure, focus on it, and adapt it as needed. **SEN. STORY** said that the Subcommittee decided that **REP. RASER'S** format would be used for its classroom unit discussions.

*{Tape: 2; Side: A; Time Counter: 0.1}*

Following a brief discussion, an allowance for substitute teachers was added to the teacher/classroom component in addition to a certain percentage being used for professional development.

*{Tape: 2; Side: A; Time Counter: 3.9}*

**Ms. Quinlan** said that it was difficult to decide under which component instructional supplies would fall because supplies can move around. **REP. RASER** added that supplies are specific to their use and need not be lumped together at this point, only when the discussion turns to funding. That is why supplies are included in all four components. **Ms. Quinlan** understood, but said it would be a challenge to review existing school district expenditure codes and split them into different places. **Eric Burke, MEA-MFT**, added that the most unsettling point related to supplies are whether they are fixed or marginal costs irregardless of what component they are in.

*{Tape: 2; Side: A; Time Counter: 7.6}*

**SEN. STORY** reiterated that the largest cost would be salaries and benefits. Some percentage of that cost will be for substitute teachers with some other percentage for supplies that are unique to a classroom. The issue that everyone continues to skirt around is how to decide whether a classroom exists and how to decide whether a school has five classrooms or four. He felt that nothing more needed to be added to the teacher/classroom component.

*{Tape: 2; Side: A; Time Counter: 9.8}*

**REP. GLASER** said when talking about a classroom unit, whether there be 15 or 20 students in that classroom, 20 students is the cap. The discussion is still related to what to fund not how to fund, and since classrooms vary so much throughout the state, that decision makes it very difficult. **SEN. STORY** questioned whether the state was going to end up with a gradational system

of small, medium, and large schools, with a base system for middle schools that allows local option to work with the revenue that it has. He felt it unwise to fund schools based on individual school structures. **Ms. Quinlan** said that may happen to some extent when expenditure data is reviewed because schools that have middle schools are expected to be spending more money per pupil. She added that the development of a middle school program is approved by the Board of Public Education. It is an informal process that schools do not jump into and out of from year to year. Some districts have been unable to maintain middle schools and have gone back to 7th and 8th grade programs. **Ms. Quinlan** felt that the idea of funding based on middle school programs might be something worth pursuing.

**{Tape: 2; Side: A; Time Counter: 12.4}**

**Mr. Puyear** cautioned that many Montana schools do not call certain structures middle schools. They are just funding them at the junior high rate, high school rate, or whatever rate for expediency purposes. **SEN. STORY** asked if these areas were driven by staffing in that they are using their high school science and mathematics teachers, for example, at the middle school level because the areas cannot fully utilize their high school staff. **Mr. Puyear** said yes, but it will still be reflected in staffing levels, and he requested that the Subcommittee remain sensitive to that and allow flexibility in staffing for those districts.

**{Tape: 2; Side: A; Time Counter: 15.3}**

**Mr. Svee** said that once the descriptors of a classroom are found, it is easy to put that into a spreadsheet. The descriptors will determine the teacher numbers. The same can be done based on all specialists. Montana will have to set a cut-off point. If the optimum class size is 20 and if a class size reaches 22, once the optimum class size is hit, then it means going to the next full staff member who is funded on a teacher/student ratio. **SEN. STORY** said that if funding is done on a teacher/student ratio, that classroom unit would be funded on an ANB basis. **Mr. Svee** said, yes.

**{Tape: 2; Side: A; Time Counter: 19.0}**

**REP. GLASER** said that **Mr. Svee's** option would work fine in large schools, but it would be very troublesome in small schools. **Mr. Svee** said that large schools can meet the optimum classroom size, but not always in the right schools. Some classrooms may be 20, 20, 20, 15. Predictors work much better in small schools. **Mr. Puyear** questioned how using a teacher/student ratio in a small school would work in determining an allocation. He said that once

a small school is over the maximum number of students and the allocation is bumped up, bumping up the allocation will not pay for the next staff member.

**{Tape: 2; Side: A; Time Counter: 27.0}**

Following further discussion, Subcommittee members requested that staff and the stakeholders provide the following:

- (1) Montana's accreditation standards in graphical form based on classroom size;
- (2) some recommendations for Montana based on **Mr. Svee's** information;
- (3) Montana requirements needed for administrative personnel; and
- (4) information on how co-ops would fit into the classroom picture.

The Subcommittee will meet on Monday, Tuesday, and Wednesday, March 21, 22, and 23, 2005.

**ADJOURNMENT**

Adjournment: 9:55 A.M.

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SEN. DON RYAN, Chairman

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LOIS O'CONNOR, Secretary

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Additional Exhibits:

**EXHIBIT ([jes58aad0.PDF](#))**